



**DEPARTMENT OF THE AIR FORCE**  
**WASHINGTON DC**

10 MAR 2004

**MEMORANDUM FOR ALMAJCOM-FOA-DRU (CONTRACTING & COMPTROLLERS)**

**SUBJECT: Interim Procurement Guidance for Resource Advisors Requesting the Acquisition of Services**

Section 801 of the FY02 National Defense Authorization Act (NDAA) mandates that DoD develop an oversight and management process for the acquisition of services. On 1 Oct 03, DoD released an interim rule in DFARS SubPart 237.1 that implemented the FY02 NDAA requirements (Atch 1). Subsequently on 26 Nov 03, SAF/AQC supplemented the DFARS guidance with Contract Policy Memo 03-C-14 entitled, "Oversight and Management Process for Services Acquisitions" (Atch 2).

Of specific importance to resource advisors is that the above-cited laws and regulations require that acquisitions of services shall (1) be performance-based, and (2) in certain circumstances, require the approval of a Services Designated Official (SDO). To assist requirements personnel (i.e., resource advisors) in complying with these requirements, a handout entitled "Interim Procurement Guidance for Resource Advisors Requesting the Acquisition of Services" is provided at Atch 3. The handout highlights that local contracting offices will assist in identifying SDOs and obtaining SDO approvals. In general, the handout provides guidance for the following three scenarios:

- a. Intraservice Relationships (within the Air Force)
- b. Interservice Relationships (within DoD)
- c. Support by non-DoD Departments and Agencies

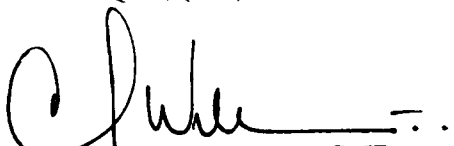
It is very important that resource advisors understand that these requirements apply to all acquisitions of services:

- a. Whether procured by an Air Force contracting squadron, another DoD activity, or other Federal Agency (i.e., non-DoD activity).
- b. Regardless of the method(s) used (e.g., a MIPR) by the requiring activity to transfer funds to the servicing activity.

This interim guidance will remain in effect for one year from the date of this memorandum or until rescinded. For further guidance and information:

a. Resource advisors should contact their local contracting offices.

b. MAJCOM staff personnel should contact Mr. Joe Farrell, SAF/FMBMM, DSN 425-8250 or (703) 697-8250, email [joe.farrell@pentagon.af.mil](mailto:joe.farrell@pentagon.af.mil); or Ms. Betsy Matich, SAF/AQCP, (703) 588-7026, DSN 425-7026, e-mail: [betsy.matich@pentagon.af.mil](mailto:betsy.matich@pentagon.af.mil).



CHARLIE E. WILLIAMS, JR.  
Deputy Assistant Secretary (Contracting)  
Assistant Secretary (Acquisition)



STEPHEN R. LORENZ, Maj Gen, USAF  
Deputy Assistant Secretary (Budget)

Attachments:

1. DFARS SubPart 237.1
2. SAF/AQC Memo 03-C-14, 26 Nov 03
3. Handout

**SUBPART 237.1--SERVICE CONTRACTS--GENERAL**  
**(Revised October 01, 2003)**

[237.101 through 237.109 omitted. See the following site to view all of DFARS Part 237: <http://farsite.hill.af.mil/VFDFARA.HTM>]

237.170 Approval of contracts and task orders for services.

237.170-1 Scope.

This section-

- (a) Implements 10 U.S.C. 2330; and
- (b) Applies to services acquired for DoD, regardless of whether the services are acquired through--
  - (1) A DoD contract or task order; or
  - (2) A contract or task order awarded by an agency other than DoD.

237.170-2 Prohibition on acquisition of services.

Unless approval is obtained in accordance with 237.170-3, do not acquire services through use of a contract or task order that-

- (a) Is not performance based; or
- (b) Is awarded by an agency other than DoD.

237.170-3 Approval requirements.

- (a) Acquisition of services through a DoD contract or task order that is not performance based.
  - (1) For acquisitions at or below \$50,000,000, obtain the approval of the official designated by the department or agency.
  - (2) For acquisitions exceeding \$50,000,000, obtain the approval of the senior procurement executive.
- (b) Acquisition of services through any contract or task order awarded by an agency other than DoD. Obtain approval in accordance with department or agency procedures.



DEPARTMENT OF THE AIR FORCE  
WASHINGTON DC

Office of the Assistant Secretary

26 NOV 2003  
Contract Policy Memo 03-C-14

MEMORANDUM FOR ALMAJCOM/FOA/DRU (CONTRACTING)

FROM: SAF/AQC  
1060 Air Force Pentagon  
Washington DC 20330-1060

SUBJECT: Oversight and Management Process for Services Acquisitions

The FY02 National Defense Authorization Act (NDAA), Section 801 mandates DoD develop an oversight and management process. On 1 Oct 03, DoD released an interim rule, DFARS Case 2002-D024 implementing the FY02 NDAA.

This policy memo incorporates the requirements of the FY02 NDAA to develop an oversight and management process for services acquisitions. These requirements include (1) defining and incorporating Management and Oversight of the Acquisition of Services Process (MOASP); (2) defining and identifying a Services Designated Official to approve all services acquisitions that are not performance-based; (3) defining the AF process for obtaining approvals for services acquisitions awarded by an agency other than DoD; (4) outlining authorities for special interest acquisitions; and (5) adding AFAE reporting requirements for acquisitions greater than \$2B.

Interim changes to Parts 5304 and 5337 of the AFFARS are at Attachment 1 and are effective immediately. The changes will remain in effect for one year from the date of this memorandum or until incorporated formally into the AFFARS, whichever occurs first. Our action officer for this contracting issue is Ms. Betsy Matich, SAF/AQCP, DSN 425-7026 or (703)-588-7026.

MAUREEN M. CLAY, Col, USAF  
Associate Deputy Assistant  
Secretary (Contracting)  
Assistant Secretary (Acquisition)

Attachment:  
Interim Changes to Parts 5304 and 5337

ATCH 2

**PART 5304 — ADMINISTRATIVE MATTERS**

**[Revised Per Policy Memo 03-C-14]**

**SUBPART 5304.2 — CONTRACT DISTRIBUTION**

**5304.202 Agency distribution requirements.**

**(vi) One copy to the Services Designated Official, for service contracts or task orders awarded outside DoD.**

**SUBPART 5304.4 — SAFEGUARDING CLASSIFIED INFORMATION WITHIN  
INDUSTRY**

**5304.402 General.**

AFI 31-601, Industrial Security Program Management, implements the Air Force's industrial security program.

**5304.404-90 Additional contract clauses.**

The contracting officer shall insert the clause at 5352.204-9000, Notification of Government Security Activity and Visitor Group Security Agreements in solicitations and contracts which require a DD Form 254 for performance on U.S. Government installations and overseas. The contracting officer can change the number of days specified in 5352.204-9000(a). If less than thirty days is used, coordinate with the security police activity.

## PART 5337 — SERVICE CONTRACTING

[Revised Per Policy Memo 03-C-14]

### SUBPART 5337.1 — SERVICE CONTRACTS - GENERAL

#### 5337.101 Definitions.

“Services Designated Official” means the individual authorized IAW the FY02 National Defense Authorization Act (NDAA), Section 2330(a)(2)(A) to exercise responsibility for the management and oversight of the acquisition of services. These responsibilities include certifying services acquisitions are performance-based; approving, in advance, any acquisition that is not performance-based; and approving the acquisition of services procured through the use of a contract or task order being awarded by an agency other than DoD.

“Management and Oversight of Acquisition of Services Process (MOASP)” means the document outlining the process the PEOs and MAJCOM Services Designated Officials will use to provide management and oversight of the acquisition of services in accordance with the FY02 NDAA, Section 801.

#### 5337.104 Personal services contracts.

(b)(i) For “Other Contracting,” the installation commander is authorized to approve the determination and findings at DFARS 237.104(b)(i). For PEO and DAC programs and acquisitions, the PEO/DAC is authorized to approve this determination and findings.

#### 5337.170-3 Approval requirements

(a) The Services Designated Official (5337.503) is responsible for approving any services acquisition purchased through a DoD contract or task order that is not performance based. The purchase request shall contain one of the following statements:

“The attached Performance-Based Work Statement is being provided IAW Section 801, 10 USC 2330. Any contract or task order resulting from this request is to be acquired using performance-based principles.” or

“IAW Section 801, 10 USC 2330, the Services Designated Official has approved the attached non-performance-based work statement. Any contract or task order resulting from this request is to be acquired using performance-based principles to the maximum extent practical.”

(b) The Services Designated Official must approve the acquisition of services through any contract or task order awarded by an agency other than DoD before being issued to the acquiring activity. The purchase request shall contain the following statement below. A copy of the determination and finding required at 17.5 shall accompany the purchase request.

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"The attached purchase request is approved by the Services Designated Official for procurement outside of DoD. This acquisition has been determined to be in the best interest of the government IAW FAR 17.5, as supplemented."

**SUBPART 5337.5 — MANAGEMENT OVERSIGHT OF SERVICE CONTRACTS**

**5337.503 Agency-head responsibilities.**

~~In accordance with Section 801 of the National Defense Authorization Act of 2002, AFPEO/SV is the Air Force's designated official for services acquisitions. AFPEO/SV is responsible for the oversight of and provides direction for the following, unless they are within another PEO's portfolio of programs:~~

- ~~(1) acquisition of services greater than \$100M.~~
- ~~(2) cost comparisons performed pursuant to OMB Circular A-76 that involve 300 or more Full Time Equivalents (FTEs).~~

**5337.503-90 Services Designated Official(s).** The designated official is responsible for the oversight and management of services acquisitions within their portfolio. For services acquisitions:

**(a) Air Force Program Executive Office for Services (AFPEO/SV) is responsible for**

- (1) Acquisitions in excess of \$100,000,000 (not in another PEO portfolio).**
- (2) All A-76 studies involving 300 or more Full Time Equivalents (FTEs).**

**(b) All other PEOs are responsible for programs in their portfolio, except those designated as special interest.**

**(c) HCAs are responsible for acquisitions with a total value of \$100M or less, and A-76 studies involving less than 300 FTEs.**

**5337.503-9000 Special Interest Authorities.**

**(a) A services acquisition can be designated special interest by the organizations identified below. The official designating a services acquisition special interest is responsible for the management and oversight of that acquisition.**

- (1) OSD and AFAE, regardless of the total planned value or program affiliation.**
- (2) AFPEO/SV, regardless of total planned value for those acquisitions not in another PEOs portfolio.**

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(3) The Assistant Secretary of Defense (Command, Control, Communication, and Intelligence) and Air Force Chief Information Officer, for information technology.

**5337.503-9001 AFAE reporting requirements:**

(a) SAF/AQ shall notify OSD (AT&L) before approving the acquisition strategy with a total planned value equal to or greater than \$2,000,000,000.

(b) SAF/AQ shall notify OSD (AT&L) of actions to address significant cost, schedule or performance problems on acquisitions equal to or greater than a total value of \$2,000,000,000.

**5337.503-9002 Management of Oversight of the Acquisition of Services Process (MOASP)**

Oversight and management of all services acquisitions for the Air Force will be performed IAW the Air Force MOASP, as supplemented.

**SUBPART 5337.6 — PERFORMANCE-BASED CONTRACTING**

**5337.601 General.**

The contracting officer shall refer to AFI 63-124, Performance-Based Services Acquisition (PBSA), for additional requirements.



**Interim Procurement Guidance for Resource Advisors  
Requesting the Acquisition of Services  
Feb 2004**

**Intraservice (within the Air Force) and Interservice (within DoD) Relationships**

The FY02 NDAA, DFARS 237.70, AFFARS 5337.1, AFFARS 5337.5 and AFI 63-124 provide guidance requiring that all services acquisitions above the Simplified Acquisition Threshold\* (SAT) must be performance-based. Acquisitions that are not performance-based must have the approval of the Services Designated Official (SDO).

When an Air Force activity requests another Air Force activity or a DoD activity to acquire (i.e., procure) services through a DoD contract or task order that is not performance-based, the ordering activity must obtain an approval from an SDO. AFI 63-124, Performance-Based Services Acquisitions (PBSA) defines what an acquisition must include to be considered performance-based. Contact the local contracting office to obtain assistance in determining if your Performance-based Work Statement (PWS) is performance-based IAW AFI 63-124, or to obtain guidance on how to make it performance-based. The contracting office will assist in processing your request for the SDO's approval in the event the PWS cannot be performance-based. For acquisitions that the contracting officer determines are non-performance-based, include the following statement on the purchase request:

“IAW Section 801, 10 USC 2330, the Services Designated Official has approved the attached non-performance-based work statement. Any contract or task order resulting from this request is to be acquired using performance-based principles to the maximum extent practical.”

\*FAR 2.101: “Simplified acquisition threshold,” means \$100,000, except for acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack. See FAR 2.101 for additional threshold guidance.

**Support by Non-DoD Departments and Agencies**

The FY02 NDAA, DFARS 237.70, AFFARS 5337.1, AFFARS 5337.5 and AFI 63-124 provide guidance that:

- (1) All services acquisitions above the SAT must be performance-based, and
- (2) A Services Designated Official (SDO) must approve all acquisitions of services being awarded by an agency other than DoD.

Thus, an Air Force ordering activity requesting a non-DoD activity to acquire (i.e., procure) services through any contract or task order awarded by a non-DoD activity will require a minimum of one and possibly two approvals from the SDO:

- (1) Approval one: Approval to acquire services through any contract or task order awarded by an agency other than DoD (i.e., non-DoD activity), and
- (2) Approval two: If the acquisition is above the SAT and not performance-based, approval to use the non-performance-based work statement.

Contact the local contracting office to obtain assistance in determining if your Performance-based Work Statement (PWS) is performance-based IAW AFI 63-124, or to obtain guidance on how to make it performance-based. The contracting office will assist in processing your request to obtain the required SDO approval(s).

For acquisitions being awarded by a non-DoD activity, include one of the following sets of statement(s) on the purchase request:

a. "The attached purchase request is approved by the Services Designated Official for procurement outside of DoD. If the Economy Act is applicable, this acquisition has been determined to be in the best interest of the government IAW FAR 17.5, as supplemented.

The attached performance-based work statement is being provided IAW Section 801, 10 USC 2330. Any contract or task order resulting from this request is to be acquired using performance-based principles," or

b. "The attached purchase request is approved by the Services Designated Official for procurement outside of DoD. If the Economy Act is applicable, this acquisition has been determined to be in the best interest of the government IAW FAR 17.5, as supplemented.

IAW Section 801, 10 USC 2330, the Services Designated Official has approved the attached non-performance-based work statement. Any contract or task order resulting from this request is to be acquired using performance-based principles to the maximum extent practical."

Finally, a copy of the awarded contract or task order by the non-DoD activity must be distributed to the SDO. Place wording similar to the following on each order (i.e., MIPR) placed with a non-DoD activity:

"Distribute a copy of the awarded contract or task order to the following Services Designated Official: [insert SDO name and address]."